



THESIS 2023 Greenhouse Gas KPIs Supplier Guide

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I. Introduction

The Sustainability Consortium (TSC) is dedicated to advancing sustainability in global supply chains. TSC's THESIS (The Sustainability Insight System) assessments play a crucial role in evaluating and improving the environmental performance of products and supply chains. One of the fundamental aspects of THESIS assessments is the measurement and reporting of Greenhouse Gas (GHG) emissions. The purpose of this guide is to present and explain the importance of emissions reporting, the different types of emissions reporting within THESIS assessments and how to approach answering them as a supplier.

II. How THESIS is capturing and measuring GHG emissions

The Sustainability Insight System (THESIS) is a science-based performance assessment system from TSC designed to drive greater transparency in supply chains and communicate the urgent need for action on sustainability.

The core offering of THESIS is the suite of product category assessments. Each assessment includes a set of Key Performance Indicators (KPIs) that are used to assess transparency and performance and drive continuous improvement on the most pressing sustainability issues for brands, manufacturers, and producers. GHG emissions are a key indicator of a product's or supply chain's environmental impact and thus are essential for assessing and mitigating climate change risks.

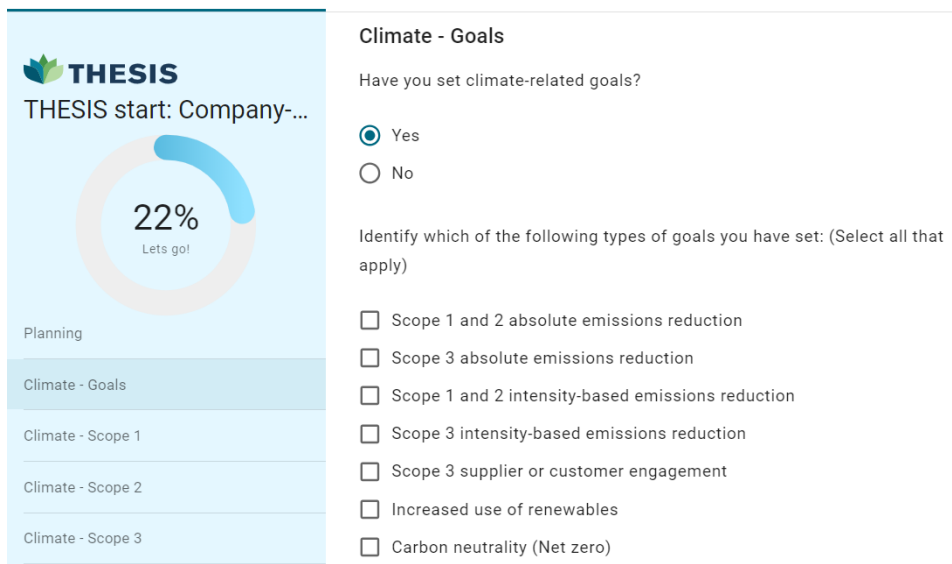
THESIS captures information on GHG emissions at different levels: At a company level (THESIS start); at a product category level, capturing GHG emissions intensity relative to certain supply chain stages; and at an ingredient/material/component level, understanding the reporting of GHG emissions from your suppliers.

1) Capturing company-level information: THESIS start

THESIS start and its issue-focused evaluation on climate is designed to capture and evaluate a company's GHG goals, targets, and actual emissions. This assessment is aligned with the Carbon Disclosure Project (CDP), a globally recognized platform for companies to disclose their environmental impact data. THESIS start provides a structured and centralized framework for companies to report on and manage their GHG emissions in a way that aligns with CDP's requirements and standards.

THESIS start does not require unique calculation methods. All calculations should follow the GHG Protocol Guidance, and you can leverage your CDP responses if you participated. It is essential for retailers to capture this information within THESIS start as it provides context for assessing

product category performance and ensures that all relevant product and supply chain information is easily accessible in one place.



THESIS
THESIS start: Company-...

22%
Lets go!

Planning

Climate - Goals

Climate - Scope 1

Climate - Scope 2

Climate - Scope 3

Climate - Goals

Have you set climate-related goals?

Yes

No

Identify which of the following types of goals you have set: (Select all that apply)

Scope 1 and 2 absolute emissions reduction

Scope 3 absolute emissions reduction

Scope 1 and 2 intensity-based emissions reduction

Scope 3 intensity-based emissions reduction

Scope 3 supplier or customer engagement

Increased use of renewables

Carbon neutrality (Net zero)

THESIS start is unscored and does not affect any other assessment score. The goal of THESIS start is to enhance transparency and to give insight into your organization's status and progress in measuring, reporting and reducing GHG emissions.

The goal of THESIS start is to provide an honest and accurate snapshot on:

- Climate goal settings and targets
 - Alignment with the Science-based Target Initiative (SBTi)
- GHG emissions calculation and reporting
 - Scope 1; scope 2 and scope 3 emissions
 - Source and verification of the data

THESIS start is meant to be completed yearly, so you will have to input your most recent emissions data as well as the most recent, nearer-term target (next year target or closest if a yearly target is not available).

2) Capturing Product Category-level information: Performance assessments

A THESIS assessment covers a category of related consumer products. The scope of a THESIS assessment determines what products are covered by that assessment. Understanding the scope of THESIS assessments means you'll only collect the data that is relevant to the selected assessment.

a. At supply chain hotspots: GHG emissions intensity KPIs

THESIS deploys science-based Key Performance Indicators (KPIs) that identify environmental and social hotspots across the entirety of a global value chain. As such, most assessments require the reporting of emissions intensity associated with one or multiple stages of your product's supply chain (e.g., the production/manufacture of your products), when those stages are identified as a sustainability hotspot.

This intensity metric can encompass emissions associated with owned facilities and/or contracted facilities. It provides a comprehensive view of a product's supply chain, irrespective of facility ownership. This activity-based scope means that completing a KPI can involve collecting data from multiple sites and multiple organizations, some of which may not be under your operational control. It will necessitate a deeper understanding of your supply chain, particularly if you engage in external contracts, such as contracted manufacturing facilities.

- For your company-owned sites, consider all production of the selected product category
- For contracted facilities, only consider what you purchase from them
- Be aware of any missing information, you will still need to understand the volumes for which you do not have data for.

Types of supply chain stages under this GHG KPI category include, but are not limited to manufacturing, processing and growing operations (farms).

8. GREENHOUSE GAS EMISSIONS INTENSITY - ON-FARM	
<p>Question</p> <p>What was the greenhouse gas emissions intensity associated with the farming operations that produced your crop supply?</p>	<p>Response Options</p> <p>A. We are unable to determine at this time.</p> <p>B. We are able to report the following for our crop supply: B1. _____ kg CO₂e per metric tonne of crop harvested. B2. _____ % of our crop supply, by mass, is represented by the number reported above.</p>

GHG Intensity KPIs are scored (from 0-100%) but assess transparency over performance. Your score will be correlated with the percentage of supply that you can report on. Although your actual emissions intensity is not scored, it is still shared with THESIS retailers who use this value to align with their emission reduction programs.

b. At ingredient, component or material supply: GHG - supply chain KPIs

Supply Chain KPIs require you to understand emissions reporting from your suppliers (direct or indirect) within the selected product category. Direct suppliers are companies that provide goods directly to your organization, while indirect suppliers are companies that supply goods to your direct suppliers but are not in direct contact with your organization.

Consider both direct and indirect suppliers of the raw materials that compose your products

This KPI requires you to calculate the percentage of your ingredients, components or materials that originate from suppliers reporting their scope 1 and 2 emissions.

6. GREENHOUSE GAS EMISSIONS - SUPPLY CHAIN	
<p>Question</p> <p>What percentage of textile fabric used in your final product, by mass purchased, was produced by suppliers that reported their annual Scope 1 and 2 greenhouse gas emissions?</p>	<p>Response Options</p> <p>A. We are unable to determine at this time </p> <p>B. The following percentage of fabric, by mass purchased, was produced by suppliers that reported Scope 1 and 2 greenhouse gas emissions: B1. _____%.</p>

Supply Chain KPIs, similarly to intensity KPIs, are scored on transparency (from 0-100%). They do not capture the actual emissions intensity of your suppliers.

III. Collecting and calculating emissions

Once you understand THESIS GHG KPIs requirements and the scope of the assessments, you can proceed in collecting and calculating the corresponding KPI responses.

Data collection can be a challenge for organizations of all sizes. The THESIS process is an opportunity to build your organization's supply chain and facility engagement, so we encourage using this time to build and improve your data collection tools and processes. THESIS retailers value THESIS engagement and it's important to complete THESIS assessments even if your data is incomplete and/or you can't respond to every KPI. THESIS is an opportunity to understand and benchmark your starting place. Your THESIS Scorecard will provide you with tailored action recommendations and allow you to measure year over year improvements.

1) Data collection

As has been highlighted before, THESIS KPIs require you to go upstream into your supply chain to answer them. TSC offers guidance and resources to support you in the data collection process.

Visit our THESIS Support Center page: [Data Collection and Completing THESIS KPIs](#) to download our free Guide to THESIS Data Collection and to find more resources, guidance, and best practices to support your data collection process.

You can find more detailed steps on how to approach data collection for THESIS KPIs in the **Appendix**.

2) Calculating emissions

All GHG emissions calculations should be done following the [Greenhouse Gas Protocol - Corporate Standard](#). This Standard is the foundational guide that almost all other GHG measurement and reporting standards and initiatives build upon. The Standard covers accounting principles, setting boundaries, and tracking and reporting Scope 1 and 2 GHG emissions, and guidance on calculating emissions, managing data quality, accounting for reductions, verification, and target setting.

You can find additional useful sources such as the [U.S. Federal GHG Accounting and Reporting Guidance](#), the [OECD report Corporate Greenhouse Gas Emission Reporting: A Stocktaking of Government Schemes](#), and the US EPA's [Simplified Guide to Greenhouse Gas Management for Organizations](#).

3) Collating the data into a THESIS response

TSC has created THESIS KPI Calculation Tools to help suppliers in answering specific Key Performance Indicators (KPIs) for THESIS. Those tools help you collate the data you collected from different sources and calculate the correct KPI responses from this data.

Each tool includes step by step instructions on how to use the tool to generate your KPI response and is available as a free download from the TSC website, links below.

- [THESIS KPI Calculation Tool - GHG Emissions Intensity KPIs](#) - Tool to help suppliers in answering Emissions Intensity Key Performance Indicators (KPIs) for THESIS
- [THESIS KPI Calculation Tool - GHG Supply Chain KPIs](#) - Tool to help suppliers in answering Supply Chain Key Performance Indicators (KPIs) for THESIS

In addition, the GHG Emission Intensity calculation tool allows you to estimate product-level emissions from facility data. Note that using primary source data for estimations is generally acceptable to facilitate reporting.

IV. Key resources available to support you

1) THESIS Support information

- [General Guidance](#): This document helps break down the different types of KPIs and provides high-level calculation steps KPI Calculation and Scope.
- [KPI Guidance](#): Each individual KPI is accompanied with additional guidance. You can access it on our website, which includes the calculation and scope, certifications, standards, and tools, background information, and definitions. KPI Walkthrough videos are available for GHG KPIs, including:

- Greenhouse Gas Emissions – Processing ([video](#))
- Greenhouse Gas Emissions in Clothing, Footwear and Textiles ([video](#))
- Greenhouse Gas Emissions Intensity - Animal Farm Operations or Finishing Stage ([video](#))
- Greenhouse Gas Emissions Intensity - On-farm ([video](#))
- Understanding Greenhouse Gas Emissions in Agriculture ([video](#))
- [THESIS Support Center](#): a centralized place to find guidance, resources, and best practices to support your success driving value with THESIS
 - Introduction to Greenhouse Gas Emissions and Inventories ([video](#))
 - [Resources for Learning How to Measure Scope 3 GHG Emissions](#): The purpose of this guide is to share links to resources about Scope 3 greenhouse gas (GHG) emissions.
 - [TSC GHG Calculation Tools](#): TSC has created THESIS KPI Calculation Tools to help suppliers in answering specific Key Performance Indicators (KPIs) for THESIS. Each tool includes step by step instructions on how to use the tool to generate your KPI response.
 - [THESIS GHG Supply Chain Calculation Tool](#)
 - [THESIS GHG Emissions Intensity Calculation Tool](#)
 - Step-by-step instructions on how to use the GHG emissions intensity Calculation Tool ([video](#))

2) External references

- [Greenhouse Gas \(GHG\) Protocol Corporate Standard](#): The Greenhouse Gas (GHG) Protocol provides guidance and is a useful resource published by the World Resources Institute with the World Business Council for Sustainable Development as a guide for monitoring and accounting for greenhouse gas emissions.
- [Greenhouse Gas Protocol: Calculation Tools](#): This site provides a list of sector toolsets developed by GHG Protocol, third-party databases, and other tools based on the GHG Protocol standards that can be used to calculate greenhouse gas inventories for use in emissions calculations.
- [CDP Climate Change Questionnaire](#): The CDP Climate Change Questionnaire provides questions that assess a company's greenhouse gas emissions, goals, and management. The report provided by CDP provides the overview of the results from companies responding to the request.
- [The Chancery Lane Project Supply chain clauses](#): The Chancery Lane Project (TCLP) is the largest global network of lawyers and business leaders using the power of climate contracting to deliver fast and fair decarbonization.

V. Appendix

Appendix 1. List of GHG KPIs in THESIS Performance Assessments

GHG intensity KPIs	GHG Supply Chain KPIs
<ul style="list-style-type: none"> • Greenhouse gas emissions - Manufacturing • Greenhouse Gas Emissions Intensity - Animal Farm Operations • Greenhouse Gas Emissions Intensity - Aquaculture and Fishing Operations • Greenhouse Gas Emissions Intensity - Aquaculture Operations • Greenhouse gas emissions intensity - Business travel • Greenhouse Gas Emissions Intensity - Finishing Stage • Greenhouse Gas Emissions Intensity - Growing Operations • Greenhouse gas emissions intensity - Ingredient and formula manufacturers • Greenhouse Gas Emissions Intensity - Manufacturing • Greenhouse Gas Emissions Intensity - Milling and Refining • Greenhouse Gas Emissions Intensity - On-farm • Greenhouse Gas Emissions Intensity - Processing • Greenhouse gas emissions intensity - Scope 1 and 2 • Greenhouse gas emissions intensity - Service operations 	<ul style="list-style-type: none"> • Greenhouse gas - Supply chain • Greenhouse gas emissions - Active ingredient suppliers • Greenhouse gas emissions - Battery cell suppliers • Greenhouse gas emissions - Battery charger suppliers • Greenhouse gas emissions - Battery supply • Greenhouse gas emissions - Electronic components • Greenhouse Gas Emissions - Fishing Operations • Greenhouse gas emissions - Glycol supply • Greenhouse Gas Emissions - Grain Processing • Greenhouse gas emissions - Insulation supply • Greenhouse gas emissions - Lead supply • Greenhouse gas emissions - Metal components • Greenhouse gas emissions - Metal frames • Greenhouse gas emissions - Metal supply • Greenhouse gas emissions - Mineral supply chain • Greenhouse gas emissions - Paper production • Greenhouse gas emissions - Petrochemicals • Greenhouse gas emissions - Petroleum-based ingredients supply • Greenhouse gas emissions - Plastics supply • Greenhouse gas emissions - Pulp production • Greenhouse gas emissions - Pulp products • Greenhouse gas emissions - Refined products supply • Greenhouse gas emissions - Resin production • Greenhouse gas emissions - Supply chain • Greenhouse gas emissions - Supply chain, fabrics • Greenhouse gas emissions - Supply chain, plastics • Greenhouse gas emissions - Supply chain, printed wiring boards

Appendix 2. Recommended detailed steps to approach data collection

Calculating GHG emissions can be very difficult. That’s why it's important to start where you are. You don’t need to have all the data to get started and answering “Unable to determine” is acceptable.

Below is a list of recommended steps to guide you through calculating your emissions and action recommendations to help you make actionable changes within your company.

The first step in completing the KPIs is to determine which of your products correspond to the category of the assessment. Many companies use their product's SKU number to internally signify which product types are being referenced in the assessment. Be sure to review the scope before preparing your answers.

Most KPIs will require you to collect data from multiple individuals, departments, or sites for your company if you have not already centralized your sustainability data. Below are suggested steps for gathering data and generating your answers for the different types of KPIs discussed above. Next, identify your KPI as an Intensity or Supply Chain KPI. (You may reference the table *List of GHG KPIs in THESIS Performance Assessments* in Appendix 1)

a. For GHG emissions intensity KPIs

Steps For Calculating Intensity KPIs

1. Review the scope of the assessment and identify all the product types (e.g., SKUs) that fall within this category.
2. Identify all facilities/sites that are responsible for final manufacture of those SKUs.
3. Identify the manager or subject matter expert who can access or collect the required data. For these KPIs, the production and operations, facilities, or sustainability teams are likely to have the required information.
4. Collect GHG data across all relevant sites and facilities.
5. If the final manufacturing facility is outside of your operational control, then this data will need to be requested from the supplier.
6. Calculate a weighted average of the attribute over facilities. The KPI response options and guidance will inform you what units to use for the weighted average. You can use the GHG Intensity Calculation tool to facilitate this calculation.

Action recommendations for Enhancing Data Transparency

1. Engage with suppliers to determine if they report scope 1 and 2 emissions.
2. Increase visibility. Work with suppliers/supply base to encourage scope 1 and 2 GHG emission assessment and reporting. If the final manufacturing facility is operated by a supplier, then this data will need to be requested from the supplier.

3. Consider increasing the amount of material purchased from suppliers who report their GHG emissions
4. Consider working with leadership to set goals encouraging and requiring suppliers to report
5. Demonstrate leadership with increased transparency, continued collaboration, and working to implement effective energy efficiency programs to decrease GHG emissions.

c. For GHG supply chain KPIs

Steps for Calculating Supply Chain KPIs

1. Review the scope of the assessment and identify all the product types (e.g., SKUs) that fall within this category.
2. Identify all supplies, materials, or ingredients that are asked about in the KPIs.
3. For the relevant SKUs, identify the suppliers that provide the relevant supplies, materials, or ingredients.
4. Identify the procurement or supply chain managers who can access or collect the required data.
5. Identify the attribute that the KPI is requesting and collect that data for all the relevant suppliers.
6. Calculate a weighted average of the attribute over suppliers. KPI response options and guidance will inform you what units to use for the weighted average. You can use the GHG Calculation tool to facilitate this calculation.

Action recommendations for Enhancing Data Transparency

1. Engage with suppliers to determine if they report scope 1 and 2 emissions.
2. Increase visibility. Work with suppliers/supply base to encourage scope 1 and 2 GHG emission assessment and reporting.
3. Consider increasing amount of material purchased from suppliers who report
4. Consider working with leadership to set goals encouraging and requiring suppliers to report
5. Demonstrate leadership with increased transparency, continued collaboration, and working to implement effective energy efficiency programs to decrease GHG emissions.